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## **2** *EXECUTIVE SUMMARY*

The Executive Summary section of this study contains a briefing of research finding and conclusions associated with the Town of Blacksburg Cost of Land Uses Study. The summary is arranged by major chapter headings and reflects the general content of the study.

### **A. DEMOGRAPHIC AND ECONOMIC TRENDS**

The Town of Blacksburg population base has been growing at a faster rate than Montgomery County. Population trends indicate that Blacksburg has grown at a rate over 4 times faster than the county over the past decade. This growth is primarily attributable to the presence of Virginia Tech in Town. Increases in student enrollment during the 1990s have accelerated the Town population growth. Projections from the Scenario Builder Development Model (detailed in Chapter 6) indicate that this trend could continue into the future. Based on the assumption that Virginia Tech will increase enrollment by 5,000 over the next 10 years, the Town's population could approach 50,000 by the Year 2020. In contrast, Woods and Poole, Inc. project that Montgomery County will potentially increase 8% over the next 10 years.

The Town has not experienced the same fortune in terms of employment growth over the past decade. In fact, Claritas Inc. estimates that the employment base in Blacksburg actually declined during the 1990s due to declines in the service and retail sectors. This contrasts with the county's growth trends, where service businesses and retailers experienced significant growth in terms of new stores and

employment. This disparity is attributable to the success of the Route 460 corridor as a commercial center. This stretch of highway, just south of Blacksburg, has experienced tremendous growth in retail and service businesses since the late 1980s.

However, growth projections indicate that Blacksburg has some potential to capture a share of future regional commercial development. The consultant's research indicated that Blacksburg has a competitive advantage in industries that cater to the Town's unique demographics and business mix and those that appeal to niche or specialty markets. As a result, the Town could potentially capture as much as 1.4 million square feet of new commercial building space over the next 20 years.

- Future population and household growth is likely to be driven by increased enrollment and staff hiring at Virginia Tech. It is projected that school's goal of becoming a Top 30 research institution could result in an enrollment gain of at least 5,000 new students at the Blacksburg campus over the next 10 years.
- Based on employment growth projections, Montgomery County could experience demand for an additional 4 million square feet of non-residential building space, primarily in the retail trade and service sectors. In comparison, projections indicate that Blacksburg has the potential to capture an additional 1.4 million square feet of space over the next two decades.

## **B. REAL ESTATE MARKET ANALYSIS**

Blacksburg and Montgomery County have experienced different results from recent real estate markets trends. This difference is apparent in almost every real estate market indicator, especially in terms of value and pricing. On average, Blacksburg's average land values (\$29,635 per acre) are as much as six times greater than the county average of \$4,727 per acre. This is primarily due to the strong presence of lower-value agricultural land in the county. In general, Blacksburg is the region's most exclusive real estate market and has considerably higher leasing rates, which are as much as twice those of Montgomery County and Christiansburg depending on the market segment. One real estate professional asserts that no houses under \$200,000 have been constructed in Blacksburg in the past several years. Housing

prices for newly built, single family homes units in Town are well above \$225,000, which is \$20,000 to \$30,000 higher than similar homes located in the county.

Development trends over the past 10 years indicate that Montgomery County has been capturing a majority of commercial and residential growth. The county added 5.5 million square feet of single-family residential space, compared to only 0.8 million in the Town. However, the Town experienced much greater growth in multi-family development, adding over 1.3 million square feet during the 1990s. In general, the county real estate market has been more diverse and active than the Blacksburg market. There are three primary explanations for this difference. First, Blacksburg has historically had higher costs associated with land acquisition and development. As a result residential and commercial developers have sought more affordable alternative locations outside the Town. Secondly, the county has a greater supply of properly zoned land than the Town, particularly for industrial and commercial development. This has led to a major gravity shift of retail development to the Route 460 corridor in Christiansburg. Lastly, Blacksburg has gained a reputation for being a "tough place to do business." Some real estate professionals interviewed for this study indicated that this perception might have deterred some developers and businesses from proposing development projects in Blacksburg.

However, there is some sentiment among real estate professionals that Blacksburg has the potential to capture a larger share of development in the county. Blacksburg is the premiere location for residential development and with rising prices in surrounding areas, Blacksburg is becoming more price-competitive within the local market. This will remove some of the financial advantage that the county and Christiansburg are experiencing over Blacksburg. In addition, the Town can expand opportunities for new development through careful rezoning and redefine it's image through streamlining and public relations efforts. In short, these efforts could provide the incentive to developers to reconsider the Town as a development location.

- The Route 460 corridor south of Blacksburg has become the retail and commercial center for Montgomery County and the New River Valley region. Property assessment records indicate that the area surrounding the Route 460/Pepper's Ferry Road intersection absorbed an average of 160,000 to 170,000 square feet per year of new commercial space during the 1990s. As a

result, the retail base in Blacksburg has declined, and some businesses have either relocated or have gone out of business in the face of this increased competition.

- Real estate professionals have indicated that the property along the outskirts of Blacksburg is a popular location for residential development. New residents are capitalizing on the quality of life amenities offered through the Town while avoiding the high costs of land and increased taxes, while experiencing some of the service benefits of living near the Town limits.
- Some real estate professionals have a negative perception of the development permitting and approval process in Blacksburg. This perception may be deterring some developers from pursuing projects in Town. However, these same individuals recognize that more demanding permitting process creates a higher quality community and a more desirable place to do business and live.

### **C. NEIGHBORHOOD DISTRICT ANALYSIS**

Like many urbanized areas, Blacksburg has a high-density commercial core that is surrounded by older residential neighborhoods. Each of Blacksburg's neighborhood districts has a unique mix of land uses, determined by years of internal and external market forces. The Route 460-Bypass effectively demarcates a line between Blacksburg's 'traditional' urban core and its more exurban regions to the north and west. The two central districts, Downtown and Midtown, have traditionally served as the Town's employment and residential center, with high-density residential neighborhoods surrounding the downtown district. The South End district has emerged as the Town's industrial and strip commercial area, and is home to the Virginia Tech Corporate Research Center and the Blacksburg Industrial Park. In contrast, the districts outside the 460 Bypass (Southwest, Northwest and North End) consist of more traditional suburban neighborhoods and rural countryside, with a predominance of open space, low-density residential housing and small commercial nodes.

Employment-generating areas in Blacksburg have experienced modest growth, and do not compare to the growth volume, in terms of square footage and value, of the

residential districts. Coupled with the regional shift of shopping patterns to Route 460, Blacksburg is fast becoming a secondary location for some businesses in the region. As a result, residential developers are taking advantage of this gravity shift and are constructing higher-value, low-density residential subdivisions in more rural areas outside of Town. Without intervention from the Town there is little to suggest that this pattern will change within the near future.

- Blacksburg has the greatest potential to grow in the North End, Northwest and Southwest districts due to the supply of vacant land. However, under the current zoning, there is little opportunity for high-density residential or non-residential development. Careful zoning changes could promote aesthetically pleasing, commercial development node in these districts.
- The South End is best suited for strip commercial and industrial/R&D development in the Virginia Tech Corporate Research Center (CRC) and the Blacksburg Industrial Park. In addition, the completion of the 3A Interchange project will likely open large tracts of vacant land with good highway frontage for development.
- South Main Street offers a prime redevelopment opportunity for the Town, one that could stabilize Blacksburg's declining retail and service base.

## **D. DEVELOPMENT IMPACT PROJECTIONS**

The results of the Development Impact Projections Model indicate that Blacksburg is not currently positioned to withstand or support a sustained period of rapid growth. There are many factors such as land availability and pricing, zoning limitations, market competition, long-term debt financing, and the community's sensitivity to growth that can inhibit future development in Blacksburg. The following section describes the policy implications associated with the results of this study in such areas as land use, market, municipal finance, capital investment and quality of life.

### **1. Land Use Implications**

- ❑ Blacksburg has a limited supply of commercial & industrially-zoned land and building space to support new development.
- ❑ Virginia Tech controls the development future of several key parcels and buildings that are critical to Blacksburg's economic future.
- ❑ Land for multi-family housing is in short supply. Increased demand could put greater pressure on existing single-family neighborhoods to transition into rental housing and developers maybe pushed out to Blacksburg's fringes and over the border in the county.
- ❑ Projected growth at Virginia Tech over the next decade could outpace the town's ability to support new residential development and place financial burdens on the community.
- ❑ Blacksburg's stricter development standards add value to development but have created a disincentive for some local developers who have chosen to do business outside the community.

## **2. Market Implications**

- ❑ Virginia Tech's projected growth could accelerate the demand for rental housing, office, and R&D space over the next decade.
- ❑ Blacksburg's housing market is not creating housing in the more affordable \$125,000 to \$175,000 range. This is making the Town more exclusive and could impact its ability to attract new employers.
- ❑ Without a supply of commercial land and building space, the town will not be able to capitalize on its full economic development potential.
- ❑ Blacksburg and Virginia Tech officials must continue to coordinate on growth related matters. Rapid expansion of the University could adversely impact the Town's fiscal position and quality of life.
- ❑ The Town is not currently positioned to accommodate projected demand for multi-family housing over the next decade. The Hethwood II site is the primary area for this type of housing but it is landlocked from development due to limited site access.
- ❑ Enrollment growth at Virginia Tech must be accompanied by some level of on-campus housing.
- ❑ Future growth patterns will likely necessitate the creation of new commercial zones in the North End and Southwest in order to serve growing populations in these areas.

- ❑ Residential growth at the Town's borders will continue to occur, especially if it is not accommodated in town.
- ❑ The Town has roughly a 20- to 25-year supply of land for new residential development.

### **3. Municipal Finance Implications**

- ❑ The Town's revenues and expenditures are less dependent on real property tax base growth and more sensitive to changes in population and household formations.
- ❑ New residential development contributes positively to Blacksburg's tax base because the cost of education is a county budget item.
- ❑ The decline of Blacksburg retail base has eroded BPOL revenues. However, these losses have been offset by increased taxes from professional service firms and from the 1998 boundary line adjustment in the South End.
- ❑ High value land uses such as office and retail possess lower service demand needs than residential and generate real property, consumer utility, BPOL, and sales and use tax revenues

### **4. Capital Investment Implications**

- ❑ Approximately \$17 million in locally financed capital investment will be needed to support Blacksburg's growth over the next 20 years. An additional \$34 million in state funded roadway improvements will be needed during this period.
- ❑ Rapid housing growth in the North End, Northwest, and Southwest Districts could accelerate the need for several costly roadway improvements.
- ❑ Rapid on-campus housing growth and expansion could shift the Town's capital investment priorities to several key intersections near the Virginia Tech campus.
- ❑ The demand and need for parks, open space, and greenways ways will increase over the next decade
- ❑ The need for roadway improvements could outpace state and town funding caps.

### **5. Quality of Life Implications**

- ❑ A high growth scenario could compromise some of Blacksburg's valuable open space, agricultural, and scenic features.
- ❑ Failure to accommodate future multi-family housing needs could exacerbate existing neighborhood tensions, result in increased single-family conversions, and encourage development at Blacksburg's borders in the county
- ❑ The continued decline of Blacksburg's retail base will require local residents to travel out of town for more goods and services.

Growth over the next 20 years will likely increase traffic volumes on North Main, South Main, Tom's Creek, and Prices Ford Road